

## NEBRASKA ADMINISTRATIVE CODE

Last Issue Date: April 7, 1999

### Title 48 - DEPARTMENT OF BANKING AND FINANCE

#### Chapter 22 - PROMOTIONAL SHARES

##### 001    GENERAL.

001.01 This Rule has been promulgated pursuant to authority delegated to the Director in Section 8-1120(3) of the Securities Act of Nebraska ("Act").

001.02 The Department has determined that this Rule relating to the promotional shares is consistent with investor protection and is in the public interest.

001.03 The Director may, on a case by case basis, and with prior written notice to the affected persons, require adherence to additional standards or policies, as deemed necessary in the public interest.

001.04 The definitions in 48 NAC 2 shall apply to the provisions of this Rule, unless otherwise specified.

002    CONDITIONS. The proposed offering of securities in which promotional shares have been or will be issued must be justified by the applicant. Promotional shares shall not be considered justified unless all of the following conditions are met:

002.01 The shares are sold or issued by a promotional or developmental stage company.

002.02 The number of shares sold or issued shall be reasonable in amount and the consideration shall have a reasonable relationship to the proposed public offering price.

003    ESCROW. The Director may require all promotional shares to be deposited in escrow under such terms and conditions as the Director shall prescribe.

004    APPLICATION. This Rule shall apply to applications for registration of equity securities or securities convertible into equity securities. In the latter case, and in the

absence of a public market for the equity securities, the conversion price shall be deemed to be the public offering price.

005    WAIVER OF RULE. While applications not conforming to the standards contained herein shall be looked upon with disfavor, where good cause is shown, certain provisions of this Rule may be waived by the Director.